September 10, 2009

Notification on Issuance of the Second Unsecured Convertible Bonds with Stock Acquisition Rights (Moving Strike Convertible Bonds) through Third Party Allotment

Haseko Corporation (the "Company") announces that its Board of Directors meeting held on September 10, 2009 resolved to issue the Company's second unsecured convertible bonds with stock acquisition rights through third party allotment (hereafter referred to as the "Corporate Bonds with Stock Acquisition Rights," or as individually as the "Stock Acquisition Rights" and the "Corporate Bonds"), as described below.

1. Offering Overview

(1) Issue Date	September 28, 2009
(2) Total number of the Stock Acquisition Rights	150
(3) Issue Price of the Corporate Bonds and the Stock Acquisition Rights	・Amount paid per Corporate Bond: 100,000,000 yen (100 yen for each 100 yen of the Corporate Bonds) ・Amount paid per Stock Acquisition Right: no payment of money is required to convert the Stock Acquisition Rights to stocks
(4) Number of Residual Securities through the Issuance	・Number of residual securities at the initial conversion price (Note): 123,966,942 ・Number of residual securities at the lowest conversion price: 247,933,884 Furthermore, the moving strike clause for the Corporate Bonds with Stock Acquisition Rights sets no ceiling for the conversion price.
(5) Funds to be Procured	15 billion yen
(6) Conversion Price and its Moving Strike Clause	The conversion price is set at 121 yen initially. The conversion price will be modified to the amount equivalent to 92% of the average value of the weighted-average prices of the Company's common stocks traded in the 5 consecutive days ending on the second Friday of every month. However, the conversion floor price shall be set at 60.5 yen.
(7) Method of Offering or Allocation	Third-party allotment
(8) Allotted Party	Mizuho Securities Co., Ltd.
(9) Other	The Company will agree with Mizuho Securities Co., Ltd., the allotted party, on the following items. ・ The Corporate Bonds with Stock Acquisition Rights shall not be able to be transferred to any other third party. ・ The maximum number of stocks for which the Stock Acquisition Rights can be executed in a month (the same single month on the calendar) shall be 10% of the number of the Company's listed stocks at the payment date for the Corporate Bonds with Stock Acquisition Rights.

(Note) The "conversion price" stands for the value per common stock of the Company that must be paid for executing the Stock Acquisition Rights.

2. Purpose and Reason

<Prime Purpose of Fund Procurement>

The Company successfully implemented its New Medium-Term Business Plan, which was completed at the end of fiscal 2007 (year ended March 2008). Given this achievement, the Company resumed dividends to its shareholders for the previous fiscal year and newly established the “SHIN” Plan (**S**ustainable, **H**aseko, **I**nnovating and **N**ew Plan; fiscal 2008 through fiscal 2010), a medium-term business plan positioned as the new stage after the completion of corporate revitalization. Since the establishment of the new plan, the Company has been endeavoring to achieve it.

In the first fiscal year of the “SHIN” Plan, however, the management environment surrounding the Haseko Group has worsened on a scale far greater than anticipated, as buyers have disappeared from the real estate market in general and especially from the real estate market for investors due to the deterioration of the financial conditions stemming from the subprime loan problems and the subsequent impact on the real economy. In the condominium market, the supply of new units has decreased drastically due to stagnant sales as the soaring land and construction costs have caused a sharp rise in condominium prices. These situations have resulted in the Company posting a net loss for the fiscal year, as it significantly reduced sales and profits as well as recorded a huge provision for doubtful accounts due to such factors as bankruptcies of its business partners.

Based on these drastic changes in circumstances, the Company has extended the “SHIN” Plan for a year and adjusting the numerical targets to comply with the assumed future market size, while maintaining the basic and business policies in the Company’s core businesses. Furthermore, the Company established the “Revised “SHIN” Plan (announced on May 14, 2009) with an aim to reconstruct its financial foundations centering on the reduction of interest-bearing liabilities, and is endeavoring to fully implement the Plan.

Currently, inventories are being sold steadily in the condominium market, and there are some positive signs as properties for first-time buyers are in short supply in some areas and some developers have started to move toward acquiring land for new projects. However, the number of units in new supply for the moment has decreased significantly and it will take more time for the market to see a full-on recovery.

Under these management conditions, in an endeavor to win orders for construction of for-sale condominiums in the construction business, which is the Company’s core business, focus is being put on receiving orders by providing land for projects as well as on receiving orders in other formats, including orders in the form of Haseko Designated Orders for land already purchased by project owners with the decrease in construction starts. In these orders for construction, there are cases in which the payment conditions require the Company to bear temporary financial burdens for construction costs. Nevertheless, it is the Company’s policy to proactively expand these orders from excellent business partners. As such, the Company must work to secure sufficient funds to be able to endure the financial burdens.

Based on the Capital Reorganization Plan announced in August 2005, the Company has been working to reduce residual securities, or potential dilution, through cancellation and redemption of preferred stocks it issued by converting liabilities into stocks during its rehabilitation processes in the past. Under the present management conditions, however, the Company recognizes that it must increase its equity capital in order to improve and stabilize the shareholders’ value. As announced on May 14, 2009, the Company decided to not conduct redemption of its preferred stocks for the current fiscal year. In addition to this, the conversion of the Corporate Bonds with Stock Acquisition Rights to common stocks will reinforce its equity capital both in quantity and quality. Through these measures, the Company will work to stabilize its financial position so that it is able to endure fluctuations in management conditions and lead to maintaining and improving credit from its business partners and financial institutions. The Company believes that this will contribute to enhancing shareholders’ value over the long term.

With due consideration given to the above-mentioned situations, the Company has resolved to issue the Corporate Bonds with Stock Acquisition Rights.